

Exploring the Contextual and Individual Factors on Ethical Decision Making of Salespeople

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ABSTRACT. This paper studies how salespeople make ethical decisions. For this purpose a structural model has been developed which configures how the organization's environment, the organization's climate, and personality traits affect ethical decision making. Internal communication and the choice of a control system especially affect ethical decision making. Internal communication also affects the attraction of salespeople with unethical personality traits (Machiavellism), while the control system affects the ethical climate. Ethical climate and salespeople's personality traits also affect the ethical decision making. In fact the study shows that ethical decision making can be influenced by management.

1. Introduction

Because certain job environments can lead salespeople to unethical behavior (Behrman and Perreault, 1984; Wotruba, 1990), and because ethical decision making is influenced by situational determinants (Brady and Hatch, 1992), research is beginning to emerge about the effects of the organizational context on ethical decision making by salespeople (Wotruba, 1990; Hunt and

Vittel, 1986; and Ferrel and Gresham, 1985). Furthermore, because ethics research has shown that some personality traits such as Machiavellism affect ethical decision making (Christie and Geis, 1970), a branch of research is emerging within marketing that investigates the effects of personality traits on ethical decision making (Hunt and Chonko, 1984). However, comprehensive causal and/or structural models which include both research traditions – the study of the effects of organizational context and of personality traits on ethical decision making – have so far been developed predominantly at a theoretical level (Brady and Hatch, 1992) and have, to our knowledge, rarely been thoroughly tested (except e.g. Singhapakd, 1993).

Managers, however, are interested in comprehensive models of ethical decision making because to them the following questions are pertinent:

- (a) what dimensions of the organizational environment affect ethical decision making?
- (b) what personality traits of salespeople affect ethical decision making?
- (c) how do dimensions of organization and personality interrelate?
- (d) and, more importantly, how can these dimensions (or at least some of them) be changed so that ethical decision making can be nurtured?

In order to answer these questions this paper builds upon established research on ethics in marketing (Hunt and Vittel, 1986; Ferrel and Gresham, 1985) and proposes a model which configures the effects of the organizational structure, the ethical climate, and personality

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traits on ethical decision making in one comprehensive structural model.

This paper is organized as follows: First theoretical issues about ethical decision making and the organizational context are discussed. Then hypotheses are proposed and the operationalization of the construct is discussed. The paper closes with a discussion of the research results and their implications for management, as well as with suggestions for future research.

2. Theory and hypotheses

2.1. Utilitarian decision making

Although it cannot be ignored that ethical decision making can be partially described from a deontological and distributive justice point of view (Etzioni, 1990; Hunt and Velasquez-Parraga, 1993), evidence shows that ethical decision making within organizations is mainly utilitarian in nature (Fritzsche and Becker, 1984; Fritzsche, 1991). Therefore, in this paper hypotheses will be formulated with an utilitarian decision maker in mind. Utilitarian decision making implies that "an action is ethical by how much the action achieves the greatest good for the greatest number of people" (Robertson and Anderson, 1989, p. 2). But utilitarian decision making is a complex cognitive activity which involves the creation of a cognitive domain (Sperber and Wilson, 1986) in which a range of computations are being performed. These may include (1) the forecasting of each behavior's consequences for various stakeholders, (2) the estimation of the probabilities of those consequences, (3) the evaluation of desirability or undesirability and (4) the assessment of the importance of each group of stakeholders (adopted from Hunt and Velasquez-Parraga, 1993). As person-situation interaction literature suggests, organizational behavior (including ethical decision making) is a function of the interaction between the person and the organizational environment and this interaction changes with each situation and within situations over time. To understand ethical decision making, one must gain insight in (a) the person's personality

traits; and (b) the organizational environment (its ethical climate, for instance) because both affect the shape of a person's cognitive domain and his/her elaboration of that cognitive domain during ethical decision making (Simon, 1969; Hunt and Vittel, 1986). In what follows, it will be suggested that both organizational environment (the organizational structure, the ethical climate) and individual personality traits, that can be characterized as Machiavellian' condition the utilitarian decision process.

2.2. The organizational structure

Robertson and Anderson (1989) have proposed that organizational structure affects ethical decision making. Their empirical findings show that two dimensions of the organizational structure especially, the control system and the intensity of competition of the market in which the organization operates, have an effect on ethical decision making.

(a) *The control system*: Robertson and Anderson (1989) distinguish two systems, the outcome- and the behavior-based systems. In the first control system management evaluates only the outcomes (e.g. sales volume), in the second management also regards how salespeople achieve their sales goals or results (e.g. methods, techniques) (Anderson and Oliver, 1987).

Because behavior-based control systems look at how salespeople reach goals, managers can outlaw undesirable and/or unethical procedures, which otherwise could have been used to obtain sales goals. By the same token, they can bring ethical procedures to the attention of their salespeople. Thus management can influence salespeople in a behavior-based control system to choose and interiorize behaviors which are both ethical and profitably in terms of sales goals. Based upon the discussion, the following hypothesis is proposed:

H_{1.1}: In a behavior-control oriented organization the decision making will be more ethical than in an outcome-based oriented organization.

(b) *The competitiveness of the market might tempt*

salespeople to make shortcuts in order to pursue their goals (Robertson and Anderson, 1989). This shortcutting behavior, if regularly performed, might become interiorized and thus become a cognitive routine which affects the ethical decision making (Nisbett and Ross, 1980). Based upon the discussion, the following hypothesis is proposed:

H_{1,2}: The more intense the competition in a market is, the less ethical salespeople's decisions will be.

Two other organizational structure dimensions – internal communications and provision of a career-oriented organization – will be investigated next.

(c) Research in moral development has shown that people are more likely to perceive other's perspectives and be sensitive to other's needs and goals if they communicate with a range of different people inside and outside the organization (Kohlberg, 1969), and participate in group decisions within the organization (Nichols and Day, 1982), here called *internal communication*. Therefore one might hypothesize that the more salespeople communicate with marketing stakeholders inside as well as outside the company, the more ethical their decisions will be (Goolsby and Hunt, 1992). Based upon the discussion, the following hypothesis is proposed:

H_{1,3}: Salespeople who engage frequently in communicative activities with other marketing stakeholders will make more ethical decisions.

(d) The relationship between *career orientation* and ethical behavior is complex. Goolsby and Hunt (1992) did not find a relationship between ethical development and the degree of success in careers. From the point of view of utilitarian decision making, one can expect that when career goals predominate, people are more likely to engage in unethical behaviors to obtain these goals (Werhane, 1989). New and not yet empirically substantiated is the suggestion that salespeople expecting to stay at the company for a considerable time may calculate that their chances of detection are higher, since more data concerning

their behavior will become available to management over time (Robertson and Anderson, 1989). Here it is suggested that career orientation will positively affect ethical decision making. Based upon the discussion, the following hypothesis is proposed:

H_{1,4}: There is no relationship between career orientation and ethical decision making.

2.3. The ethical climate

Research in ethics has suggested that the ethical behavior of others in an organization substantially affects a person's decision making (Ferrel and Gresham, 1985; Victor and Cullen, 1988; Posner and Schmidt, 1986). In this respect one can speak of the "ethical climate" in a company – the "psychologically meaningful molar descriptions that people can agree upon, which characterize a system's practices and procedures" (Schneider, 1985). Ethical climate functions as a set of appraisals of environmental events (James and James, 1989; and Rentsch, 1990), and can be used as a standard of ethical behavior for organizational members who find themselves in ethical dilemmas (Knouse and Giacalone, 1992). It is proposed that ethical climate, measured by such questions adapted from Ruch and Newstrom (1975) as "what are the opinions of your colleagues concerning the ethicality of some behaviors" affects the decision making because if employees fail to interiorize these appraisals, they risk rejection by their colleagues. Consequently, the more ethical the climate, the more ethical the person's decision making will be.

H_{2,1}: Ethical climate will affect ethical decision making.

Ethical climate, as Victor and Cullen (1988) suggest, is influenced by organizational environment. We suggest that components of the organizational structure – the control mechanisms of the organization, the internal organization, and the commitment of people – will affect the ethical climate in a company.

Control mechanisms. Organizational literature has suggested that ethical climate can be influenced by the control system the manager applies (Victor and Cullen, 1988; Laczniak and Murphy, 1991). It seems logical to suppose that as behavioral control systems are applied within a company, salespeople are forced to interiorize practices which fulfill the ethical standards of management. If diffused over the organization, these practices will function as an appraisal mechanism during ethical decision making (Blau and Schoenherr, 1971).

H_{2,2}: In a behavior-control oriented organization the ethical climate will be more ethical than in an outcome-based oriented organization.

Tenure and commitment. A person who obtains tenure within a company normally will display organizational commitment behaviors – also called “citizenship behaviors” – such as altruism, sportsmanship, and fairness (McKenzie et al., 1991; Hunt et al., 1990). As a result, people might well diffuse such behaviors as standard practices in the organization (Victor and Cullen, 1988). This leads to the following hypothesis:

H_{2,3}: The longer people stay within a company, the more ethical the climate will be.

Internal communication. If people in a company communicate more frequently with each other, they will have to take different points of view into consideration if their conversations are to be successful (Grice, 1958). Such perspective-taking implies the interiorization of others’ needs and points of view, and can develop into a standard for appraisal of events (Higgins et al., 1984; Kurtines, 1984). The hypothesis is now:

H_{2,4}: Frequent communication within an organization will positively affect that organization’s ethical climate.

In accordance with existing literature this paper suggests no positive correlation between competitive environment and ethical climate

(Jaworsky, 1988; Robertson and Anderson, 1989).

2.4. Machiavellian personality traits

In marketing, scholars like Hunt and Chonko (1984) have discussed and investigated the role of Machiavellism on ethical thinking. Their research suggests that there is a negative relationship between scores on the Mach-scale and ethical decision making (see also Knouse and Giacalone, 1992). Thus our next hypothesis is:

H_{3,1}: The higher people score on the Mach-scale, the lower the ethicality of their decision making will be.

The attraction, selection, and attention (ASA) framework suggests that people within organizations attract and retain people to whom people they are similar (Schneider, 1975). Although Hunt and Chonko (1984) have shown that marketing people do not necessarily have Machiavellian tendencies, other scholars suggest that some organizational positions such as sales jobs might well attract people with less scrupulous intentions (Christie and Geis, 1970). Specifically, firms that operate in intensely competitive markets could become an attraction pool or nurturing environment for salespeople with Machiavellian personality traits who, in turn, attract other people with Machiavellian personality traits. It is suggested, however, and in line with former hypotheses, that in an organization with intense internal communication and with behavior-based control systems, Machiavellian salespeople will be discouraged from staying in the organization or from displaying Machiavellian behaviors. We therefore propose the following three hypotheses:

H_{3,2}: In a behavioral-controlled organization salespeople will have a low score on the Mach-scale.

H_{3,3}: In organizations with intense internal communication, salespeople will have a lower score on the Mach-scale.

H_{3,4}: In organizations operating in a competitive market, salespeople will have a higher score on the Mach-scale.

Machiavellism and ethicality. Since Machiavellists will be attracted to environments in which they can exercise their favored unscrupulous behavior, it can be hypothesized that they will not be attracted to an organization which has a positive ethical climate.

H_{3,5}: Companies with a more ethical climate will attract salespeople with a lower grade on the Mach-scale.

3. Method

3.1. Data collection

Five questionnaires, accompanied by a letter stating the goals of the study and the assurance of strict anonymity, were delivered to 190 sales managers. Sales managers were asked to give one questionnaire to one of their best salespeople, another to a less productive salesperson, and to distribute the 3 remaining ones among their other staff, at least one to a woman and one to a man. This method overcomes the problem that companies, for reasons of privacy, are not eager to provide researchers with the home addresses of their sales people. The method also has risks, however. Managers may be inclined to give the questionnaires to salespeople who they know to share their own ethical standpoint. The 190 sales managers were selected from a data base of subscribers to the journal 'Verkopen' ('Selling'). A total of 950 questionnaires was delivered, of which 270 were returned. A reminder mailing resulted in only two more questionnaires. Of the received questionnaires 22 could not be used because they were completed by the managers, and two of the questionnaires were incomplete. Thus the usable response was 185, which is a 19.5% response.

3.2. Measures

All scales discussed in this study were first pretested on people with sales experience. During the pre-test all scenarios proved to be recognizable to the salespeople. After the data collection the scales were refined with the help of Cronbach alpha procedures (DeVellis, 1990).

Ethical decision making. The degree of ethical decision making is estimated by using "projective vignettes". These vignettes describe a short concrete situation to which the subject responds, in a variety of formats, by indicating what someone should do. As shown in Appendix B, the scenarios were adopted from Robertson and Anderson (1989) and during SPSS reliability testing, two scenarios (2 and 11) were deleted from the sample; as in Robertson and Anderson (1989), the scenarios 3, 5, 6 and 8 were shown in reverse order. The adjusted scale resulted in a Cronbach alpha of 0.58 with 9 items and an average inter-item correlation of 0.14. Given the normally required Cronbach alpha values within marketing research, this marks an improvement (Churchill, 1991; Churchill and Peter, 1988).

The organization structure. The four aspects of the organizational structure-control system, the competitiveness of the market, internal communication, and career orientation – were constructed (see Appendix A) based on a factor analysis. For all four scales the inter-correlation and the Cronbach-alpha were very satisfying (see Table I).

Table I
The reliability coefficients of organization context scales

	Average intercorrelation	Cronbach alpha	Amount of items
Control system	0.33	0.82	10
Competitiveness market	0.35	0.59	3
Internal communication	0.44	0.70	3
Career orientation	0.38	0.79	6

The Mach scale. The Mach-scale was adopted from Hunt and Chonko (1984). All 20 items were translated and pretested in the Netherlands. With respect to the question about euthanasia, it should be noted that euthanasia perceived by the Dutch as not unethical in itself. After deleting one of these questions the Cronbach alpha was 0.67 with an inter-item correlation of 0.11. Hunt and Chonko's (1984) study had a 0.76 while alpha in Christie and Geis (1970) was 0.79. In general, these coefficients show that a satisfactory Cronbach Alpha could be obtained but it also shows that Machiavellism should be further validated among cultures.

The ethical climate. In order to measure the ethical climate of a company, a measure developed by Ruch and Newstrom (1975) and partially changed, was adopted which takes the appraisals of colleagues as standard of an employee's ethicality. These perceptions of colleagues had to be graded on a scale from very ethical to not ethical at all. As the term "colleagues" implies, "climate" may concern only that part of the company in which one moves on a daily basis (also called subculture) (Dansereau and Alluto, 1990). The reliability of the scale showed a Cronbach alpha of 0.87 with an inter-item correlation of 0.30.

4. The research results

First of all a correlation matrix as shown in Table II was calculated to allow a general overview of the correlations between all possible

variables. Given the type of factor analysis applied (varimax rotation), it is not surprising that there is not much correlation between the independent variables (control system, career orientation, internal communication, competitiveness of the market), except for the 19% correlation between career orientation and the competitiveness of the market.

Secondly, using the scales and the above results, a path analysis was made and the fit of the paths was computed within Lisrel 7. After deletion of the non-significant paths the final LISREL model is as follows:

The chi-square was 2.58 with 6 degrees of freedom and a p -value of 0.859. The goodness of fit was 0.995 and the root mean square residual was 0.022. It can be concluded that the data fitted the model very well. Based on the outcomes of the Lisrel 7 analysis we can check the hypotheses separately. With respect to our first set of hypotheses, the following results were obtained:

First, the control orientation of the organization did affect the ethical decision making in a positive manner. To be specific, the path coefficient was 0.13 with a t -value of 1.64. Therefore, although with a small margin, hypothesis 1.1 is substantiated. Second, competitiveness of the market in which the company operates did not affect ethical decision making and was not included in the path model. Therefore hypothesis 1.2 is not substantiated. Third, internal communication did positively affect ethical decision making: the path coefficient was 0.13 with a t -value of 1.72, thus hypothesis 1.3 is substantiated. Finally hypothesis 1.4 could not be

Table II
Correlation matrix of the scales

	Ethics	Mach	Climate	Control	Career	Int.c	Compet
Ethics	1.00						
Mach	-0.36	1.00					
Climate	0.35	-0.17	1.00				
Control	0.25	-0.15	0.30	1.00			
Career	0.08	0.03	0.19	0.16	1.00		
Int.com.	0.22	-0.23	0.06	0.10	-0.06	1.00	
Compet	-0.05	0.13	0.08	0.05	0.19	-0.04	1.00

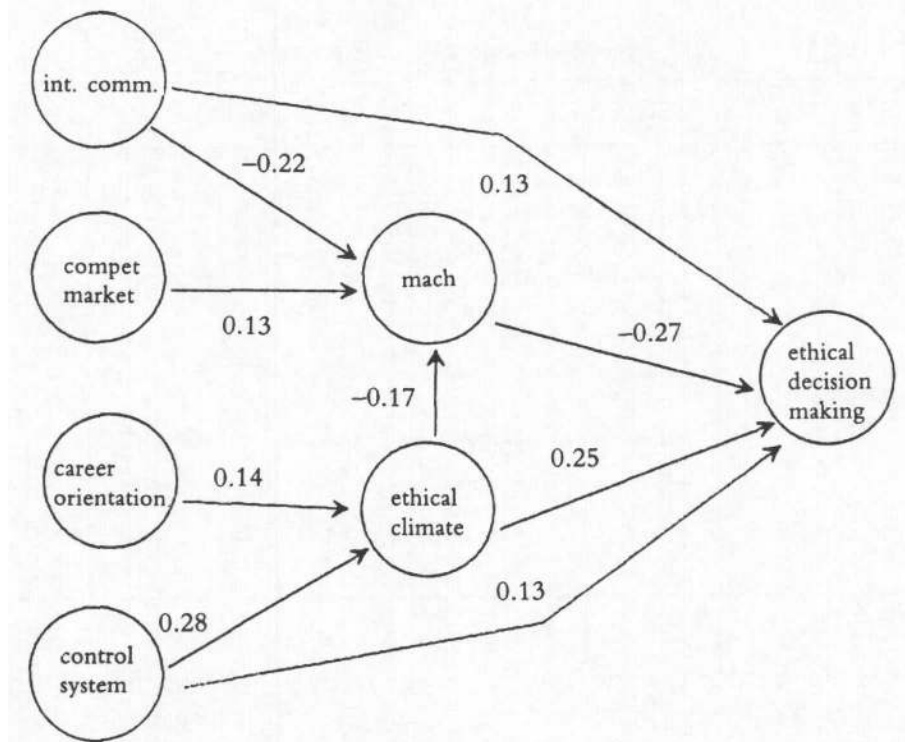


Fig. 1. The path diagram of the model.

substantiated, because no significant path between career orientation and ethical decision making could be shown to exist.

With respect to our second set of hypotheses, the results were as follows: ethical climate affected ethical decision making substantially and in a positive manner: the path coefficient was 0.25 with a t -value of 3.30. Hypothesis 2.1 is therefore substantiated. The hypotheses about the effects of organizational context on climate could only partially be substantiated. First, the path from control system to climate is 0.28 with t -value of 3.52 and thus is significant. Hypothesis 2.2 could therefore be substantiated. Next, the path from career orientation to climate is 0.14 with a t -value 1.80 which is significant; hypothesis 2.3 is therefore substantiated. Internal communication and ethical climate, however, had no significant path and thus hypothesis 2.4 could not be substantiated.

With respect to our last set of hypotheses, the results were as follows: Machiavellian personality traits affected ethical decision making substantially. The path between Machiavellian and

ethical decision making was -0.27 with a t -value of -3.55 and hypothesis 3.1. could therefore be accepted. Next, control system had no substantial path and therefore hypothesis 3.2 could be rejected. Internal communication had an effect on Machiavellism as the path was -0.22 with a t -value of -2.77 ; hypothesis 3.3 was thereby substantiated. Competition in the market had a significant effect on personality traits as well; the path was 0.13 with a t -value of 1.70 and thus hypothesis 3.4 is accepted. Ethical climate, finally, had a substantial effect on the presence of Machiavellists in the company as the path was -0.17 with a t -value of -2.17 , thus substantiating hypothesis 3.5.

5. Discussion of the results

In this article, an application of the Robertson and Anderson (1989) framework, it is suggested that salespeople make ethical decisions using an utilitarian algorithm resulting in behaviors that vary with organizational context. An overview

TABLE III
Acceptance/rejection of hypotheses

Variable	Effects	Correl-coeff.	Path coef.	Hypothesis
Control system	Ethical dec. making	0.25	0.13	1.1 accept
Career orientation	Ethical dec. making	0.08	–	1.4 reject
Internal communication	Ethical dec. making	0.22	0.13	1.3 accept
Competition in market	Ethical dec. making	–0.05	–	1.2 reject
Ethical climate	Ethical dec. making	0.35	0.25	2.1 accept
Control system	Ethical climate	0.30	0.28	2.2 accept
Career orientation	Ethical climate	0.19	0.14	2.3 accept
Internal communication	Ethical climate	0.06	–	2.4 reject
Mach	Ethical dec. making	–0.36	–0.27	3.1 accept
Control system	Mach	0.03	–	3.2 reject
Internal communication	Mach	–0.23	–0.22	3.3 accept
Competition in the market	Mach	0.13	0.13	3.4 accept
Ethical climate	Mach	–0.36	–0.17	3.5 accept

of previous studies showed that the ethicality of salespeople's decisions is especially influenced by the organizational structure, the organizational climate, and the personality traits of individuals. In this study these situational and individual factors have been integrated into one model. In the empirical test most of the model's hypotheses were substantiated, and most of them fitted well in an overall causal path. The individual personality traits, the ethical climate, the internal communications, and the control systems are strongly interrelated factors. Since managers will be interested in creating environments that nurture ethical decision making and behaviors, the role of organizational environment in ethical behavior will be discussed.

Of the organizational structure variables, the control systems are very influential. They affect ethical decision making directly as well as indirectly because of their effects on the climate. It appears that organizational environments, in which managers take time to communicate with their salespeople, evaluate their various activities, and offer them general guidance foster a more ethical climate of decision making. These findings had already been substantiated by Robertson and Anderson (1989).

Internal communication, another aspect of organizational structure, also directly influences utilitarian ethical decision making; it does so

indirectly as well, because internal communication tends to present that people with Machiavellian tendencies are attracted to the organization. Their direct input in ethical decision making will thus be precluded. To some extent this causal connection substantiates the fact that, as some scholars have suggested, ethical decision making is, in fact, the interiorization of discourse (Emler and Hogan, 1992). That is, during communication with others, people learn to take others' points of view in consideration, which translates into a choice of action that benefits others and thus increase the ethicality of decision making (Kohlberg, 1969).

The influence of competitiveness in the market, our third factor of organizational structure, was less substantial and mainly indirect. The data show that the score of salespeople on the Mach-scale is influenced by the competitiveness of the market, something in accordance with Christie and Geis' (1970) suggestion. That competition did not directly affect ethical decision making may, among other things, have to do with the European context which, compared to for instance the U.S. markets, may not be competitive enough to induce unethical behaviors in the company. In addition, social security in Europe may make employees less desperate to use unethical behaviors in order to survive in competitive markets (Thurow, 1985). Another

reason might be that intensive competition is exactly what makes companies install formal control systems (Jaworski, 1988) which foster ethical behavior (even though in the developed model this control system does not affect ethical climate). Although competitive environments may attract Machiavellian people, managers can take comfort from the fact that control of the ethical climate (which will be discussed later on) substantially reduces Machiavellian behaviors.

The final factor of organizational structure, the career orientation, also affected ethical climate. This can be explained by the fact that career orientation goes together with joint efforts and citizenship behaviors which affect the overall climate (McKenzie *et al.*, 1991). Although the period that salespeople stay at the company does not directly influence their scores on the Mach-scale, it does so indirectly through climate.

Besides aspects of organizational structure it is ethical climate, it has already become clear, that plays a substantial role in ethical decision making. Ethical climate has not only a direct, positive influence, it also discourages Machiavellian people from entering the organization. The question which is frequently raised is how easily management can change climate. Stated differently, "has" the company a climate (implying that it can be changed) or "is" the climate the company (implying that it is difficult to change) (Hofstede, 1991). The data seem to suggest that companies can change their climate because control systems substantially affect the ethical climate and that they therefore "have" a climate. On the other hand though, career orientation also seems to affect climate, a connection more difficult to change by management. The company thus also "is" the climate.

Personality traits, finally, are also of influence. Machiavellian tendencies of salespeople affect ethical decision making. Personality traits can be influenced by management: the ethical climate and internal communication especially have an effect on the presence of Machiavellists. In other terms, communication with other people urges people to think in a different manner. Also during hiring, management can control Machiavellism among salespeople. Management could select people who do not have the ten-

dencies or disposition to act less ethical even if the environment allows them to do so. Bergen *et al.* (1993) point out that in the future there will be a rise in the application of psychological testing during the selection processes in companies.

Based on the discussion of the organizational structure, the ethical climate, and the personality traits, the final conclusion must be that management can influence ethical decision making in their organization in several ways. Individual personality traits, ethical climate, internal communications, and control systems are very influential factors in this respect.

6. Future research

Although the results were very satisfying, with the model fitting very well, future research in this field can be improved. The following aspects are of interest for further research:

Scale development. Not all the scales which had been translated into Dutch could be cross-culturally validated and in some cases a scale could therefore be used only partly as originally conceived (they had a low Cronbach alpha), or had to be expanded with new concepts (especially the organizational structure dimensions). The Machiavellism scale especially a) was less reliable than expected and b) not all the items of the original scale could be used. During reliability analysis of the Mach-scale (designed for an American context) it became clear that some items (such as opinions about euthanasia) were not correlating with the other Machiavellian behaviors in the Dutch context. Let us not forget that in the Dutch cultural context, euthanasia is not unconditionally abhorred. It is also possible that the Mach-scale, developed in 1970, must be revised in order to be useful in the nineties and beyond.

Vignettes. During pretesting salespeople read the vignettes and were able to recognize them all (Robertson and Anderson, 1989). Therefore the vignettes were used without changes. Cronbach alpha procedures showed that not all vignettes

- this purchaser special consideration on price and delivery that John doesn't give to his other customers. Should he continue this practice?
2. John is selling a number of office machines to a small service firm. The firm is ready to order the top of the line machines, even though as far as John can see the firm has no possible use for any of the extra features of this machine, and would be much better off with a less expensive model. Should John explain to the customer that he does not need the extra features of the more expensive model? (d)²
 3. John's sales manager mistakenly believes that John deserves the credit for landing a major new customer, and has privately praised John for this. In fact, a rookie salesperson who has since left the company was largely responsible. Should John set the record straight? (r)
 4. John's boss is a real stickler for reporting procedures and for making lots of sales calls. John hasn't been able to convince his boss that John is much more effective making fewer, more targeted calls. Should John keep his boss happy by exaggerating the number of calls he is making?
 5. John is negotiating the final details of a large order. The customer is insisting on one minor point about service that John doesn't think he'll be able to provide. John knows he can clinch the sale by agreeing now; if necessary, he can blame his company later for not being able to come through. Should John say that he doesn't think his company can provide the service upon which the customer insists? (r)
 6. John has one product that is selling like the proverbial hot cakes. John has developed a strategy in which he insists that he won't sell the customer this 'hit' product unless the customer also uses other items in the product line. In fact, John is bluffing. Assuming it works, should John stop using this strategy? (r)
 7. John is a relatively inexperienced salesperson who is having some difficulty living on what he perceives to be a less than adequate salary. John occasionally takes his wife out to dinner and charges the company. John reasons that he works hard and deserves to enjoy some company benefits. Should John continue this practice?
 8. John sold one of his major customers a large order which was delivered to the customer about two weeks ago. John has just discovered that the merchandise delivered is a slightly less sophisticated, less expensive model than the one ordered. John can't believe it but he thinks that the customer just didn't notice. Should John point out the mistake to the customer? (r)
 9. John's manager is pressuring to 'crack' a large account which has never made any substantial purchases from John's company. John has made several calls to this account and has gotten nowhere. John has heard that the only way to get an order from this buyer is to offer the purchasing agent a gift. Should John try this approach?
 10. John has found that by exaggerating the seriousness of a customer's problem he can get the customer to place a larger order. Should he pursue this sales tactic?
 11. John is charging more to the buyers for whom he is the sole supplier than he does in a similar sale where he is competing with other suppliers. Should he do this? (d)

Notes

¹ (r) means that the question is reversed.

² (d) means that the question is deleted.

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were perceived as relating to ethics. During post-study discussions with sales managers about the vignettes, it became clear that some of them were not perceived as potentially unethical. Take vignette 1 from Appendix B. That John gave a reduction to a client he knew from outside the business sphere was perceived to be most natural and not unethical at all.

Organizational environment. This construct too should be operationalized in a different manner. It is possible that the organizational environment functions as a configuration of dimensions which together constitute a real environment (Miller and Friesen, 1984). Recently, Cravens *et al.* (1993) have suggested this when they stated that both outcome-based and behavior-based control system may be multidimensional concepts. Thus one could be both outcome- and behavioral-based on certain items.

Climate transformation. Although the data speak for the fact that climate is affected by managerial control systems, the way by which managers (e.g. their leadership) can transform ethical climates could be a topic for further investigation.

Method of variance. It has been suggested by many scholars that self-reported ethical behaviors should be controlled for biases. The social desirability scale has been mentioned frequently and in future research this scale should be used to control this problem (Saxe and Weitz, 1982; Spector, 1990).

Appendix: Scales developed especially for this study

A. *The organizational context*

1. Behavioral based control:

1. My boss makes sure everyone knows what to do and how to do it.
2. Management here stays very well informed of salespeople's activities.
3. We are subject to very little direction from our company's management. (r)¹

4. Management leaves us alone as long as our results are ok. (r)
5. My manager is readily available to his/her salespeople.
6. When management rates my performance, they take a lot of things into consideration.
7. The following items were in response to the question "how heavily do you think your manager relies on these kinds of measures in evaluating your performance? Responses were in the form of a seven point scale anchored "doesn't use at all" and "uses extensively":
attitude
8. ability
9. effort
10. Management decides who is good by looking strictly at each salesperson's bottom line. (r)

2. Competitiveness of the market

1. I have a great deal riding on any given sales.
2. This is cut-throat business.
3. The market for my company's products is intensely competitive.

3. Internal communication

1. I see lots of customers but hardly anyone in my own company.
2. I spend a lot of time talking to people in my company who are not from sales. (r)
3. My job involves lots of contact with other people from my company.

4. Career orientation

1. I expect to be working in this territory for at least 2 more years.
2. I do not expect to be leaving this company.
3. I expect to be working for this company for at least 5 more years.
4. Once salespeople get hired here, they tend to stay in sales jobs in this company.
5. There is a lot of turnover among salespeople here. (r)
6. Most salespeople don't stay with my company very long. (r)

B. *The ethical scenarios adopted and used*

1. John has one purchaser who he especially likes. Their wives are friends too and their children go to school together. John finds that he is giving